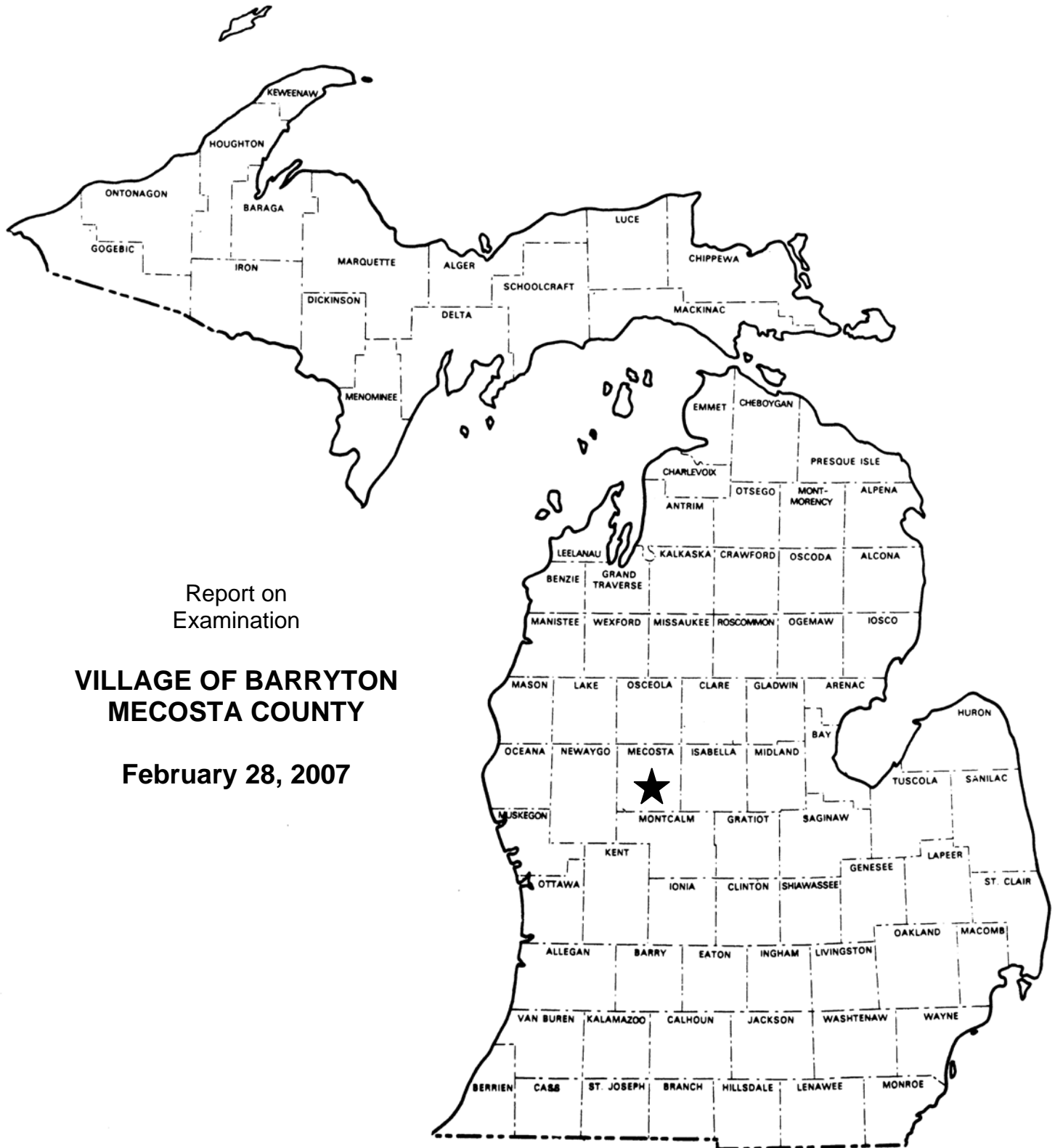


STATE OF MICHIGAN
JENNIFER M. GRANHOLM, Governor
DEPARTMENT OF TREASURY



Report on
Examination

VILLAGE OF BARRYTON
MECOSTA COUNTY

February 28, 2007

VILLAGE OF BARRYTON

MECOSTA COUNTY

Richard Collins
President

David Mills
Clerk

Donna Collins
Treasurer

VILLAGE COUNCIL

Barbara Doke
Steve Mortensen
Mark Pelong
Debra Buehner
Nancy Loll
Don Foreman

VILLAGE POPULATION--2000
381

TAXABLE VALUATION--2007
\$5,949,744



JENNIFER M. GRANHOLM
GOVERNOR

STATE OF MICHIGAN
DEPARTMENT OF TREASURY
LANSING

ROBERT J. KLEINE
STATE TREASURER

July 26, 2007

Village Council
Village of Barryton
94 Angel Street
P.O. Box 31
Barryton, Michigan 49305-0031

RE: Unqualified Opinions on Basic Financial Statements Accompanied by Required
Supplementary Information and Supplementary Information

Independent Auditor's Report

Dear Council Members:

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Village of Barryton, Mecosta County, Michigan, as of and for the year ended February 28, 2007, which collectively comprise the Village of Barryton's basic financial statements as listed in the Table of Contents. These financial statements are the responsibility of the Village of Barryton's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Village of Barryton, as of February 28, 2007, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued our report dated July 26, 2007 on our consideration of the Village of Barryton's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

The Management's Discussion and Analysis on pages 1 through 5 and the budgetary comparison schedules in Exhibits H through K are not a required part of the basic financial statements, but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Village of Barryton's basic financial statements. The general fund detail schedule of revenues and expenditures (Exhibits L through M) are presented for the purpose of additional analysis and are not a required part of the basic financial statements. The general fund detail schedule of revenues and expenditures have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements, taken as a whole.



Cary Jay Vaughn, CPA, CGFM
Audit Manager
Local Audit and Finance Division

VILLAGE OF BARRYTON--MECOSTA COUNTY

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VILLAGE OF BARRYTON

MANAGEMENT'S DISCUSSION AND ANALYSIS

Using this Annual Report

This annual report consists of a series of financial statements. The Statement of Net Assets and the Statement of Activities provide information about the activities of the Village, as a whole, and present a longer-term view of the Village's finances. Fund financial statements tell how these services were financed in the short-term, as well as what remains for future spending. Fund financial statements also report the Village's operations in more detail than the government-wide financial statements.

The Village as a Whole

The Village's net assets decreased approximately 5%, or \$13,644, from \$285,571 to \$271,927 for the year ended February 28, 2007. The investment in capital assets-net of related debt decreased by \$5,309 due to the depreciation expense recorded for the year 2005. The unrestricted net assets decreased by \$13,739 and the restricted assets increased \$5,404 during 2007. Reasons for the decrease in the unrestricted net assets were due to the establishment of the new village police department. The restricted net assets grew as funds are being set aside for future road projects.

Restricted net assets are those net assets that have constraints placed on them by either: a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments; or b) imposed by law through constitutional provisions or enabling legislation. Enabling legislation authorizes the government to assess, levy, charges or otherwise mandate payment of resources and includes a legally enforceable requirement that those resources be used only for the specified purpose stipulated in the legislation. As such all assets (except for assets invested in capital assets-net or related debt) are considered restricted.

Net assets as of year ended February 28, 2007, as follows:

	Governmental Activities 2005	Governmental Activities 2007	Difference	Percent
Current Assets	\$ 193,022	\$ 187,801	\$ (5,221)	-3%
Noncurrent Assets	101,562	96,253	(5,309)	-5%
Total Assets	294,584	284,054	(10,530)	-4%
Current Liabilities	9,013	12,127	3,114	35%
Total Liabilities	9,013	12,127	3,114	35%
Net Assets				
Invested in Capital Assets				
Net of Debt	101,562	96,253	(5,309)	-5%
Restricted	111,887	117,291	5,404	5%
Unrestricted (Deficit)	72,122	58,383	(13,739)	-19%
Total Net Assets	\$ 285,571	\$ 271,927	\$ (13,644)	-5%

VILLAGE OF BARRYTON

MANAGEMENT'S DISCUSSION AND ANALYSIS

	Business-Type Activities <u>2005</u>	Business-Type Activities <u>2007</u>	<u>Difference</u>	<u>Percent</u>
Current Assets	\$ 283,862	\$ 231,710	\$ (52,152)	-18%
Noncurrent Assets	<u>1,771,198</u>	<u>1,737,108</u>	<u>(34,090)</u>	<u>-2%</u>
Total Assets	<u>2,055,060</u>	<u>1,968,818</u>	<u>(86,242)</u>	<u>-4%</u>
Current Liabilities	1,776	7,698	5,922	333%
Long-Term Liabilities	<u>766,000</u>	<u>707,000</u>	<u>(59,000)</u>	<u>-8%</u>
Total Liabilities	<u>767,776</u>	<u>714,698</u>	<u>(53,078)</u>	<u>-7%</u>
Net Assets				
Invested in Capital Assets	1,005,198	976,608	(28,590)	-3%
Net of Debt				
Restricted	53,500	53,500	-	0%
Unrestricted (Deficit)	<u>228,586</u>	<u>224,012</u>	<u>(4,574)</u>	<u>-2%</u>
Total Net Assets	<u>\$ 1,287,284</u>	<u>\$ 1,254,120</u>	<u>\$ (33,164)</u>	<u>-3%</u>

The following table shows the changes of the net assets as of the current year to the prior year:

	Governmental Activities <u>2005</u>	Governmental Activities <u>2007</u>	<u>Difference</u>	<u>Percent</u>
Program Revenues				
Charges for Services	\$ 119	\$ 2,484	\$ 2,365	1987%
Operating Grants and Contributions	32,249	31,594	(655)	-2%
Capital Grants and Contributions	14,000		(14,000)	-100%
General Revenues				
Property Taxes	44,412	50,168	5,756	13%
State-Shared Revenues	36,568	35,199	(1,369)	-4%
Unrestricted Investment Earnings	1,186	2,317	1,131	95%
Rents	8,591	7,484	(1,107)	-13%
Other	<u></u>	<u>2,114</u>	<u>2,114</u>	<u>100%</u>
Total Revenues	<u>137,125</u>	<u>131,360</u>	<u>(5,765)</u>	<u>-4%</u>
Program Expenses				
General Government	53,998	59,059	5,061	9%
Public Safety	4,257	17,865	13,608	320%
Public Works	21,597	29,277	7,680	36%
Community and Economic Development	1,009	807	(202)	-20%
Recreation and Culture	2,834	6,906	4,072	144%
Other	<u>10,325</u>	<u>8,754</u>	<u>(1,571)</u>	<u>-15%</u>
Total Expenses	<u>94,020</u>	<u>122,668</u>	<u>28,648</u>	<u>30%</u>
Change in Net Assets	<u>43,105</u>	<u>8,692</u>	<u>\$ (34,413)</u>	<u>-80%</u>
Ending Net Assets	<u>\$285,571</u>	<u>\$271,927</u>		

VILLAGE OF BARRYTON

MANAGEMENT'S DISCUSSION AND ANALYSIS

	Business-Type Activities 2005	Business-Type Activities 2007	Difference	Percent
Program Revenues				
Charges for Services	\$ 122,837	\$ 121,179	\$ (1,658)	-1%
General Revenues				
Unrestricted Investment Earnings	6,272	10,090	3,818	61%
Total Revenues	129,109	131,269	2,160	2%
Program Expenses				
Water and Sewer	137,580	156,284	18,704	14%
Total Expenses	137,580	156,284	18,704	14%
Change in Net Assets	\$ (8,471)	\$ (25,015)	\$ (16,544)	195%

Governmental Activities

The Village's total governmental revenues decreased \$5,764 because contributions from local units decreased. Expenses also decreased \$11,855 because public works expenses were down. The township contributed to a road project in 2005, but did not in 2007. Public safety increased due to the new police department.

	Governmental Activities 2005	Governmental Activities 2007	Amount Difference	Percent Difference
Revenues				
Taxes	\$ 44,412	\$ 50,168	\$ 5,756	13%
Licenses and Permits	115	55	(60)	-52%
State Grants	68,517	65,452	(3,065)	-4%
Contributions From Local Units	14,000		(14,000)	-100%
Fines and Forfeits		2,429	2,429	100%
Interest and Rentals	10,077	11,142	1,065	11%
Other	3	2,114	2,111	100%
Total Revenues	137,124	131,360	(5,764)	-4%
Expenses				
General Government	53,417	58,596	5,179	10%
Public Safety	4,257	17,009	12,752	300%
Public Works	52,386	25,961	(26,425)	-50%
Community and Economic Development	1,009	807	(202)	-20%
Recreation and Culture	2,212	6,906	4,694	212%
Other	10,325	8,754	(1,571)	-15%
Capital Outlay	6,282		(6,282)	-100%
Total Expenses	129,888	118,033	(11,855)	-9%
Excess of Revenues Over Expenditures	7,236	13,327	6,091	84%
Beginning Fund Balance	117,060	102,635	(14,425)	-12%
Ending Fund Balance	\$ 124,296	\$ 115,962	\$ 6,091	5%

VILLAGE OF BARRYTON
MANAGEMENT'S DISCUSSION AND ANALYSIS

Business-Type Activities

The Village's business-type activities consist of the Sewer and Solid Waste Fund. The Village provides sewage treatment and garbage services to all of the Village residents. The revenues and expenses of the sewer system and solid waste program remain virtually unchanged compared to the previous year.

The Village's Funds

Our analysis of the Village's major funds are listed in the audit report, following the entity-wide financial statements. The fund financial statements provide detailed information about the most significant funds, not the Village as a whole. The Village council creates funds to help manage money for specific purposes as well as to show accountability for certain activities, such as special property tax millages. The Village's major funds for 2007 include the General Fund, Major Street Fund, Local Street Fund, Housing Fund, Sewer Fund, and the Solid Waste Fund.

The General Fund pays for most of the Village's governmental services. The most significant are for general government activities, which incurred expenses of approximately \$58,596 in 2007. These services are supported by the operating millage and State shared revenues. The street funds account for the resources of State gas and weight tax revenues that are restricted for use on major and local streets. The Housing Fund accounts for contributions reserved for the improvement of housing within the Village. The Sewer and Solid Waste Fund are described above.

General Fund Budgetary Highlights

Over the course of the year, the Village's budget was prepared to take into account events during the year. No significant changes were made as revenues and expenses remained similar to the previous year.

Capital Asset and Debt Administration

At the end of 2007, the Village's governmental funds had \$96,253 (net of accumulated depreciation) invested in a broad range of capital assets, including land, buildings, equipment, vehicles, and road infrastructure; and \$1,683,608 invested in the sewer system. To pay for the sewer capital assets, the Village entered into various debt obligations with current outstanding debt totaling \$707,000.

VILLAGE OF BARRYTON
MANAGEMENT'S DISCUSSION AND ANALYSIS

Economic Factors and Next Year's Budgets and Rates

The Village's budget for 2007 will remain relatively the same as the Village is small in size without any extra funding for additional activities. The council is striving to achieve the most services it can provide to the Village residents for road, park, and sewer improvements as the funding becomes available.

Contacting the Village's Management

This financial report is intended to provide our citizens, taxpayers, customers and investors with a general overview of the Village's finances and to show accountability for the money it receives. If you have questions about this report or need additional information, we welcome you to contact the Village Office at 94 Angel Street, Barryton, MI 49305 (Phone Number 989-382-7822).

VILLAGE OF BARRYTON--MECOSTA COUNTY
GOVERNMENT-WIDE STATEMENT OF NET ASSETS
February 28, 2007

EXHIBIT A

	Governmental Activities	Business-Type Activities	Total
<u>ASSETS</u>			
Current Assets			
Cash and Cash Equivalents	\$ 108,827	\$ 212,068	\$ 320,895
Receivables (Net)			
Taxes--Delinquent	711		711
Notes	59,712		59,712
Accounts	646	19,479	20,125
Interest		163	163
Internal Balances	1,866	(1,866)	-
Due From State	16,040		16,040
Total Current Assets	187,802	229,844	417,646
Noncurrent Assets			
Restricted Cash		53,500	53,500
Capital Assets--Net of Accumulated Depreciation	96,253	1,683,608	1,779,861
Total Assets	284,055	1,966,952	2,251,007
<u>LIABILITIES</u>			
Current Liabilities			
Accounts Payable	3,836	5,340	9,176
Accrued Liabilities	7,501	492	7,993
Unearned Revenue	80		80
Deferred Revenue	711		711
Noncurrent Liabilities			
Bonds Payable--Due Within One Year		15,000	15,000
Bonds Payable--Due in More Than One year		692,000	692,000
Total Liabilities	12,128	712,832	724,960
<u>NET ASSETS</u>			
Investment in Capital Assets--Net of Related Debt	96,253	976,608	1,072,861
Restricted for			
Major Street Fund	21,277		21,277
Local Street Fund	19,255		19,255
Housing Fund	76,759		76,759
Restricted Cash		53,500	53,500
Unrestricted	58,383	224,012	282,395
Total Net Assets	\$ 271,927	\$ 1,254,120	\$ 1,526,047

The Notes to Financial Statements are an integral part of this statement.

VILLAGE OF BARRYTON--MECOSTA COUNTY
GOVERNMENT-WIDE STATEMENT OF ACTIVITIES
For the Year Ended February 28, 2007

EXHIBIT B

Functions/Programs	PROGRAM REVENUES			NET (EXPENSE) REVENUE AND CHANGES IN NET ASSETS		
	Expenses	Charges for Services	Operating Grants and Contributions	PRIMARY GOVERNMENT		
				Governmental Activities	Business-Type Activities	Total
Primary Government						
Governmental Activities						
General Government	\$ 59,059	\$ 2,429		\$ (56,630)		\$ (56,630)
Public Safety	17,865			(17,865)		(17,865)
Public Works	29,277		\$ 31,594	2,317		2,317
Community and Economic Development	807	55		(752)		(752)
Recreation and Culture	6,906			(6,906)		(6,906)
Other	8,754			(8,754)		(8,754)
Total Governmental Activities	122,668	2,484	31,594	(88,590)	\$ -	(88,590)
Business-Type Activities						
Sewer	134,381	102,219			(32,162)	(32,162)
Water	21,903	18,960			(2,943)	(2,943)
Total Business-Type Activities	156,284	121,179	-	-	(35,105)	(35,105)
Total Primary Government	\$ 278,952	\$ 123,663	\$ 31,594	\$ (88,590)	\$ (35,105)	\$ (123,695)
General Revenues						
Property Taxes				\$ 50,168		\$ 50,168
State-Shared Revenues				35,199		35,199
Unrestricted Investment Earnings				2,317	\$ 10,090	12,407
Rentals				7,484		7,484
Other				2,114		2,114
Total General Revenues--Special Items and Transfers				97,282	10,090	107,372
Change in Net Assets				8,692	(25,015)	(16,323)
Net Assets--Beginning				263,235	1,279,135	1,542,370
Net Assets--Ending				\$ 271,927	\$ 1,254,120	\$ 1,526,047

The Notes to Financial Statements are an integral part of this statement

VILLAGE OF BARRYTON--MECOSTA COUNTY
BALANCE SHEET
GOVERNMENTAL FUNDS
February 28, 2007

EXHIBIT C

	SPECIAL REVENUE FUNDS				Total Governmental Funds
	General	Major Street	Local Street	Housing	
<u>ASSETS</u>					
Cash and Cash Equivalents	\$ 52,745	\$ 20,113	\$ 18,922	\$ 17,047	\$ 108,827
Receivables					
Accounts	646				646
Notes Receivable				59,712	59,712
Delinquent Taxes--Personal	711				711
Due From State	10,817	3,475	1,748		16,040
Due From Other Funds	4,388				4,388
Total Assets	<u>\$ 69,307</u>	<u>\$ 23,588</u>	<u>\$ 20,670</u>	<u>\$ 76,759</u>	<u>\$ 190,324</u>
<u>LIABILITIES AND FUND BALANCE</u>					
Liabilities					
Accounts Payable	\$ 2,632	\$ 1,012	\$ 192		\$ 3,836
Due to Other Funds		1,299	1,223		2,522
Accrued Liabilities	7,501				7,501
Unearned Revenue	80				80
Deferred Revenue					
Delinquent Taxes--Personal	711				711
Housing Loans				\$ 59,712	59,712
Total Liabilities	<u>10,924</u>	<u>2,311</u>	<u>1,415</u>	<u>59,712</u>	<u>74,362</u>
Fund Balances					
Unreserved--Undesignated	<u>58,383</u>	<u>21,277</u>	<u>19,255</u>	<u>17,047</u>	<u>115,962</u>
Total Fund Balance	<u>58,383</u>	<u>21,277</u>	<u>19,255</u>	<u>17,047</u>	<u>115,962</u>
Total Liabilities and Fund Balance	<u>\$ 69,307</u>	<u>\$ 23,588</u>	<u>\$ 20,670</u>	<u>\$ 76,759</u>	

Amounts reported for governmental activities in the Statement of Net Assets are different because:

Capital assets used in governmental activities are not financial resources and are not reported in the funds.	96,253
Revenue that does not provide current financial resources are not reported as revenue in the funds.	<u>59,712</u>
Net Assets of Governmental Activities	<u>\$ 271,927</u>

The Notes to Financial Statements are an integral part of this statement.

VILLAGE OF BARRYTON--MECOSTA COUNTY
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES--GOVERNMENTAL FUNDS
For the Year Ended February 28, 2007

EXHIBIT D

	SPECIAL REVENUE FUNDS				Total Governmental Funds
	General	Major Street	Local Street	Housing	
Revenues					
Taxes and Penalties	\$ 50,168				\$ 50,168
Licenses and Permits	55				55
State Grants	36,528	\$ 19,242	\$ 9,682		65,452
Fines and Forfeits	2,429				2,429
Interest and Rentals	9,801	884	457		11,142
Other Revenue	2,114				2,114
Total Revenues	101,095	20,126	10,139	\$ -	131,360
Expenditures					
Current					
General Government	58,596				58,596
Public Safety	17,009				17,009
Public Works	8,599	9,801	7,561		25,961
Community and Economic Development	807				807
Recreation and Cultural	6,906				6,906
Other	8,754				8,754
Total Expenditures	100,671	9,801	7,561	-	118,033
Excess of Revenues Over (Under) Expenditures	424	10,325	2,578	-	13,327
Other Financing Sources (Uses)					
Interfund Transfers In			9,621		9,621
Interfund Transfers (Out)		(9,621)			(9,621)
Total Other Financing Sources (Uses)	-	(9,621)	9,621	-	-
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	424	704	12,199	-	13,327
Fund Balance--March 1, 2006	57,959	20,573	7,056	17,047	102,635
Fund Balance--February 28, 2007	\$ 58,383	\$ 21,277	\$ 19,255	\$ 17,047	\$ 115,962
Excess of Revenue over Other Sources Over (Under) Expenditures and Other Uses					\$ 13,327
Amounts reported for governmental activities in the Statement of Activities are different because:					
Governmental funds report capital outlays as expenditures; in the Statement of Activities, these costs are allocated over their estimated useful lives as depreciation.					(4,635)
Change in Net Assets of Governmental Activities					\$ 8,692

The Notes to Financial Statements are an integral part of this statement.

VILLAGE OF BARRYTON--MECOSTA COUNTY
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
FEBRUARY 28, 2007

EXHIBIT E

<u>ASSETS</u>	Sewer	Solid Waste	Total
Current Assets			
Cash and Cash Equivalents	\$ 205,735	\$ 6,333	\$ 212,068
Accounts Receivable	15,430	4,049	19,479
Interest Receivable	163		163
Total Current Assets	221,328	10,382	231,710
Noncurrent Assets			
Restricted Cash	53,500		53,500
Net Property, Plant and Equipment	1,683,608		1,683,608
Total Noncurrent Assets	1,737,108	-	1,737,108
Total Assets	\$1,958,436	\$10,382	\$ 1,968,818
<u>LIABILITIES</u>			
Current Liabilities			
Account Payable	\$ 3,867	\$ 1,473	\$ 5,340
Accrued Liabilities	492		492
Due to Other Funds	1,368	498	1,866
Total Current Liabilities	5,727	1,971	7,698
Noncurrent Liabilities			
Bonds Payable--Due Within One Year	15,000		15,000
Bonds Payable--Due in More Than One Year	692,000		692,000
Total Noncurrent Liabilities	707,000	-	707,000
Total Liabilities	712,727	1,971	714,698
<u>NET ASSETS</u>			
Invested in Capital Assets, Net of			
Related Debt	976,608		976,608
Reserved--Restricted Cash	53,500		53,500
Unreserved	215,601	8,411	224,012
Total Net Assets	\$1,245,709	\$ 8,411	\$ 1,254,120

The Notes to Financial Statements are an integral part of this statement.

VILLAGE OF BARRYTON--MECOSTA COUNTY
STATEMENT OF REVENUES, EXPENSES AND CHANGES
IN NET ASSETS--PROPRIETARY FUNDS
For the Fiscal Year Ended February 28, 2007

EXHIBIT F

	Sewer	Solid Waste	Total
Operating Revenues			
Charges for Services	\$ 102,219	\$ 18,960	\$ 121,179
Total Operating Revenues	102,219	18,960	121,179
Operating Expenses			
Labor and Fringes	19,471	2,868	22,339
Office Supplies	2,303	961	3,264
Professional and Contracted Services	536	17,899	18,435
Operating Expenses	3,525		3,525
Utilities	1,546		1,546
Repair and Maintenance	22,081	175	22,256
Equipment Rental	2,005		2,005
Insurance	2,602		2,602
Depreciation	43,795		43,795
Total Operating Expenses	97,864	21,903	119,767
Operating Income (Loss)	4,355	(2,943)	1,412
Nonoperating Revenue (Expenses)			
Interest Expense	(36,517)		(36,517)
Interest Earnings	9,972	118	10,090
Total Nonoperating Revenue (Expenses)	(26,545)	118	(26,427)
Net Income (Loss)	(22,190)	(2,825)	(25,015)
Net Assets--March 1, 2006	1,267,899	11,236	1,279,135
Net Assets--February 28, 2007	\$ 1,245,709	\$ 8,411	\$ 1,254,120

The Notes to Financial Statements are an integral part of this statement.

VILLAGE OF BARRYTON--MECOSTA COUNTY
COMBINING STATEMENT OF CASH FLOWS
ENTERPRISE FUNDS
For the Year Ended February 28, 2007

EXHIBIT G

	Sewer	Solid Waste	Total
Cash Flows From Operating Activities			
Cash Received From Customers	\$ 103,913	\$ 19,498	\$ 123,411
Cash Payments to Employees for Services and Benefits	(19,153)	(2,868)	(22,021)
Cash Payments to Suppliers for Goods and Services	(32,373)	(18,990)	(51,363)
Net Cash Provided by Operating Activities	52,387	(2,360)	50,027
Cash Flows From Noncapital Financing Activities			
Due to Other Funds	257	98	355
Net Cash Provided by Capital and Related Financing Activities	257	98	355
Cash Flows From Capital and Related Financing Activities			
Reduction of Long-Term Debt	(45,000)		(45,000)
Interest Paid on Capital Financing	(36,517)		(36,517)
Net Cash Provided by Capital and Related Financing Activities	(81,517)	-	(81,517)
Cash Flows From Investing Activities			
Interest on Cash Equivalents	9,936	118	10,054
Net Cash Provided by Investing Activities	9,936	118	10,054
Net Increase (Decrease) in Cash and Cash Equivalents	(18,937)	(2,144)	(21,081)
Cash and Cash Equivalents at Beginning of Year	278,172	8,477	286,649
Cash and Cash Equivalents at End of Year	\$ 259,235	\$ 6,333	\$ 265,568
Reconciliation of Operating Income to Net Cash Provided by Operating Activities			
Operating Income (Loss)	\$ 4,355	\$ (2,943)	\$ 1,412
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities			
Depreciation Expense	43,795		43,795
(Increase) Decrease in Accounts Receivable	1,694	538	2,232
Increase (Decrease) in Accounts Payable	3,576	45	3,621
Increase (Decrease) in Accrued Liabilities	(1,033)		(1,033)
Net Cash Provided by Operating Activities	\$ 52,387	\$ (2,360)	\$ 50,027

The Notes to Financial Statements are an integral part of this statement.

VILLAGE OF BARRYTON

NOTES TO FINANCIAL STATEMENTS

NOTE A--DESCRIPTION OF VILLAGE OPERATIONS AND FUND TYPES

The Village of Barryton, which covers an area of approximately .9 square miles, is located in Mecosta County. The village operates under a 7-member council elected by the citizens of the village and the president, all of whom reside in the community. The village provides services to its approximately 381 residents in many areas including highways and streets, operation and maintenance of the sewer system, solid waste disposal system, general administrative services, and community enrichment and development.

Reporting Entity

In accordance with generally accepted accounting principles and Governmental Accounting Standards Board (GASB) Statement No. 14, "The Financial Reporting Entity," certain other governmental organizations are not considered to be part of the village entity for financial reporting purposes. The criteria established by the GASB for determining the reporting entity includes oversight responsibility, fiscal dependency and whether the financial statements would be misleading if the component unit data were not included. Accordingly, there are no other governmental organizations required to be included in the financial statements of the village.

RELATED ORGANIZATIONS

District Library--The Village of Barryton in conjunction with Fork Township and Chippewa Township entered into an agreement to create the Barryton Public Library. The district library is a legally separate organization established to provide library services to residents of the county. The voters have approved a special millage to fund the district library.

The district library consists of the entire geographic area of the Village of Barryton, Fork Township, and Chippewa Township along with 25% of Martiny Township and 33.34% of Sheridan Township. It is governed by a six (6) member board, two (2) appointed by each the Village of Barryton, Fork Township, and Chippewa Township. The village's and the townships' accountability does not extend beyond this representation. The board is empowered to propose and levy, upon approval of the electors, a tax for support of the district library. It may also borrow money and issue bonds pursuant to the District Library Financing Act 265 of 1988 (MCL 397.281 et seq.). The district library indemnifies and holds harmless the participating municipalities from all claims and liabilities. Fork Township, which includes the Village of Barryton and Chippewa Township, levies a tax for the district library. However, neither the village nor the townships hold title to any of the district library's assets, nor do they have the rights to any surpluses, or have the responsibility to finance any deficits of the district library.

VILLAGE OF BARRYTON

NOTES TO FINANCIAL STATEMENTS

NOTE B--SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the Statement of Net Assets and the Statement of Activities) report information on all of the nonfiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, normally supported by taxes and intergovernmental revenues, are reported separately from business-type activities which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include: (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment; and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenue.

Separate financial statements are provided for governmental funds and proprietary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenue in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue is recognized when it is both measurable and available. Revenues are considered to be available if it is collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, expenditures relating to compensated absences, and claims and judgments are recorded only when payment is due.

VILLAGE OF BARRYTON

NOTES TO FINANCIAL STATEMENTS

NOTE B--SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenues are recognized in the accounting period in which they become susceptible to accrual, that is, when they become both measurable and available to finance expenditures of the fiscal period. Property taxes, intergovernmental revenue, charges for services and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the village.

The village reports the following major governmental funds:

The General Fund is the village's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The Major Street Fund accounts for the resources of State gas and weight tax revenues that are restricted for use on major streets.

The Local Street Fund accounts for the resources of State gas and weight tax revenues that are restricted for use on local streets.

The Housing Fund accounts for contributions reserved for the improvement of housing within the village.

The village reports the following major proprietary funds:

The Sewer Fund accounts for the sewer operations of the village.

The Solid Waste Fund accounts for the garbage operations of the village.

Private-sector standards of accounting and financial reporting, issued prior to December 1, 1989, are generally followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The village has elected to consistently apply all applicable FASB pronouncements issued subsequent to November 30, 1989 in accounting and reporting for its proprietary operation.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

VILLAGE OF BARRYTON

NOTES TO FINANCIAL STATEMENTS

NOTE B--SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Amounts reported as program revenues include: 1) charges to customers or applicants for goods, services, or privileges provided; 2) operating grants and contributions; and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services, and producing and delivering goods in connection with a proprietary fund's principal ongoing operations (sewer and solid waste). Operating expenses for proprietary funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenue and expenses not meeting this definition are reported as nonoperating revenue and expenses.

When both restricted and unrestricted resources are available for use, it is the village's policy to use restricted resources first, then unrestricted resources as they are needed.

Deposits and Investments

The cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with a maturity of three months or less from the date of acquisition. The statement of cash flows includes both restricted and unrestricted cash and cash equivalents. Investments are stated at fair value and short-term investments are reported at cost, which approximates fair value. Earnings from investments are allocated to numerous funds as required by Federal regulations, State statutes, and local ordinances.

Receivables and Payables

Transactions between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "interfund receivables/payables" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the noncurrent portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds."

Property Taxes

Generally accepted accounting principles require revenues to be recognized in the accounting period in which they become measurable and available. "Available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Properties are assessed as of December 31, and the related property taxes become a lien on July 1 of the following year. These taxes are due on September 15 with the final collection date of February 28 before they are added to the county tax delinquent rolls.

VILLAGE OF BARRYTON

NOTES TO FINANCIAL STATEMENTS

NOTE B--SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The 2006 State taxable valuation of the Village of Barryton amounted to \$5,949,744 on which ad valorem taxes levied for all village purposes are \$49,680. The entire 8.35 mills authorized and levied are for general operations.

Taxes Receivable--Delinquent Personal

The delinquent personal taxes receivable in the General Fund consist of uncollected personal property taxes levied July 1, 2006, which have not been collected as of February 28, 2007. The delinquent personal property taxes receivable for the General Fund is \$711. Due to this amount not being available, it is offset by deferred revenue.

Accounts Receivable

The accounts receivable for the village are recorded in the water and solid funds. The receivables in sewer and solid waste funds are for the sewer and garbage services provided by the village. The receivables do not have an allowance for doubtful accounts because any receivables not collected are placed on the customer's tax bill. The receivable for the Sewer Fund is \$15,430 and the receivable for the Solid Waste Fund is \$4,049. The receivables are not offset by deferred revenue.

Restricted Assets

The provisions of sewer bond resolutions require that certain resources be set aside for the repayment of the bond debt. This repayment is classified as restricted assets on the balance sheet because it is maintained in a separate bank account and its use is limited by applicable bond covenants. The balance restricted for the bond reserve at February 28, 2007 is \$53,500.

Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items) are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Capital assets are defined by the government as assets with an initial individual cost of more than \$1,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. As permitted by GASB Statement No. 34, the village has reported the infrastructure in the Statement of Net Assets for the major and local streets.

VILLAGE OF BARRYTON
NOTES TO FINANCIAL STATEMENTS

NOTE B--SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Property, plant and equipment is depreciated using the straight-line method over the following useful lives:

	<u>Governmental Funds</u>	<u>Enterprise Funds</u>
Buildings	20 to 40 years	
Vehicles	5 to 10 years	
Equipment	5 to 10 years	
Infrastructure--Road	20 years	
Sewer System		50 years

Deferred Revenue

Deferred revenue represents amounts that have met asset recognition criteria, but have not met revenue recognition criteria, such as taxes receivable. The taxes receivable are not collected within the current period or soon enough thereafter to be used to pay liabilities of the current period. Under the modified accrual basis of accounting, such amounts are measurable but not available.

Other Financing Sources (Uses)

In the fund financial statements, the transfers of cash between the various county funds are budgeted but reported separately from revenues and expenditures as operating transfers in or (out), unless they represent temporary advances that are to be repaid, in which case they are carried as assets and liabilities of the advancing or borrowing funds.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Long-Term Obligations

In the government-wide financial statements and proprietary fund type statements, the long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type Statement of Net Assets. For new bond issuances after the implementation of GASB Statement No. 34, bond premiums and discounts as well as issuance costs, are deferred and amortized over the life of the bonds using the straight-line method which approximates the effective interest method. Bonds payable are reported as net of the applicable bond premium or discount.

VILLAGE OF BARRYTON

NOTES TO FINANCIAL STATEMENTS

NOTE B--SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Fund Equity

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

NOTE C--STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgets and Budgetary Accounting

The annual budget is prepared by the village clerk and adopted by the village council at an open meeting of the board. The village council approves all subsequent amendments to the budget. The General Fund and Special Revenue Funds are under formal budgetary control. The budget has been prepared on the modified accrual basis, which is in accordance with generally accepted accounting principles. The budget has been adopted on a functional basis. Budgeted revenues and expenditures include any authorized amendments to the original budget as adopted. Unexpended appropriations lapse at year end.

NOTE D--CASH AND INVESTMENTS

Michigan Compiled Laws, Section 129.91, authorizes the village to deposit and invest in the accounts of Federally insured banks, credit unions, and savings and loan associations; bonds, securities, and other direct obligations of the United States, or any agency or instrumentality of the United States; United States government or Federal agency obligation repurchase agreements; bankers' acceptance of United States banks; commercial paper rated within the two highest classifications, which mature not more than 270 days after the date of purchase; obligations of the State of Michigan or its political subdivisions which are rated investment grade; and mutual funds composed of investment vehicles which are legal for direct investment by local units of government in Michigan. Financial institutions eligible for deposit of public funds must maintain an office in Michigan.

The village has designated one financial institution for deposit of the village funds. The investment policy adopted by the board is in accordance with Public Act 196 of 1997 and has authorized investment in accordance with the State statutory authority as listed above.

VILLAGE OF BARRYTON
NOTES TO FINANCIAL STATEMENTS

NOTE D--CASH AND INVESTMENTS (Continued)

At year end, the Village of Barryton's deposits and investments were reported in the basic financial statements in the following categories:

	<u>Carrying Amounts</u>		
<u>Cash and Deposits</u>	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total Primary Government</u>
Cash and Cash Equivalents	<u>\$108,827</u>	<u>\$212,068</u>	<u>\$320,895</u>
Total	<u><u>\$108,827</u></u>	<u><u>\$212,068</u></u>	<u><u>\$320,895</u></u>

The governmental activities balance of \$108,827 includes \$300 of imprest cash.

Custodial Credit Risk

The custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, the Village's deposits may not be recovered.

Deposits are exposed to custodial credit risk if they are not covered by depository insurance and the deposits are:

- a. Uncollateralized;
- b. Collateralized with securities held by the pledging financial institution; or
- c. Collateralized with securities held by the pledging financial institution's trust department or agent but not in the depositor-government's name.

The Village's policy requires the following criteria to lessen the custodial credit risk: a) all financial institutions holding the village's money must pledge collateral equal to the amount of the account balance for all demand and time deposits to secure village funds; 2) a bank, savings and loan association, or credit union holding village funds must be organized under the law of Michigan or federal law and maintain a principal or branch office in the State of Michigan; and 3) no deposit in any financial organization may be in excess of 50 percent of the net worth of the organization.

At February 28, 2007, the bank balance of the primary government's deposits is \$380,393, of which \$100,000 is covered by Federal depository insurance.

VILLAGE OF BARRYTON
NOTES TO FINANCIAL STATEMENTS

NOTE D--CASH AND INVESTMENTS (Continued)

Foreign Currency Risk

Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of deposits.

Public Act 35 of 1997 requires village deposits be held in a financial institution which maintains a principal or branch office located in the State of Michigan. The village had no common cash deposits subject to foreign currency risk at February 28, 2007.

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The village's policy states that cash equivalents are invested in short-term fixed income securities with an average weighted maturity of less than one year to provide liquidity and safety of principal from capital market and default risk. At February 28, 2007, the fair value of the village's investments is listed above with all maturities due within 12 months or less.

NOTE E--NOTES RECEIVABLE

The notes receivable recorded in the village's Housing Fund are made up of the following:

Deferred Notes	<u>\$59,712</u>
Total Notes Receivable	<u>\$59,712</u>

The receivables are long-term and are offset by deferred revenue.

VILLAGE OF BARRYTON
NOTES TO FINANCIAL STATEMENTS

NOTE F--CAPITAL ASSETS

Capital asset activity of the village's governmental funds for the current year was as follows:

<u>Governmental Activities</u>	<u>Account Balances 03/01/06</u>	<u>Additions</u>	<u>Deductions</u>	<u>Account Balances 02/28/07</u>
Capital Assets Not Being Depreciated				
Land and Improvements	\$ 46,100			\$ 46,100
Subtotal	46,100	\$ -	\$ -	46,100
Capital Assets Being Depreciated				
Buildings	64,637			64,637
Equipment and Vehicles	67,266			67,266
Office Equipment	4,024			4,024
Infrastructure--Roads	32,371			32,371
Total	168,298	-	-	168,298
Less Accumulated Depreciation				
Buildings	50,040	463		50,503
Equipment and Vehicles	57,828	2,553		60,381
Office Equipment	4,024			4,024
Infrastructure--Roads	1,619	1,619		3,238
Total	113,511	4,635	-	118,146
Net Capital Assets Being Depreciated	54,787	-	4,635	50,152
Governmental Activities Capital Total				
Capital Assets--Net of Depreciation	\$100,887	\$ -	\$ 4,635	\$ 96,252

VILLAGE OF BARRYTON
NOTES TO FINANCIAL STATEMENTS

NOTE F--CAPITAL ASSETS (Continued)

Capital asset activity of the village's enterprise funds for the current year was as follows:

<u>Business-Type Activities</u>	<u>Account Balances 03/01/06</u>	<u>Additions</u>	<u>Deductions</u>	<u>Account Balances 02/28/07</u>
Capital Assets Not Being Depreciated				
Lansing	<u>\$ 80,000</u>	<u> </u>	<u> </u>	<u>\$ 80,000</u>
Subtotal	<u>80,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>80,000</u>
Capital Assets Being Depreciated				
Equipment	35,427			35,427
Sewer System	<u>2,157,770</u>	<u> </u>	<u> </u>	<u>2,157,770</u>
Total	<u>2,193,197</u>	<u>-</u>	<u>-</u>	<u>2,193,197</u>
Less Accumulated Depreciation				
Equipment	6,356	640		6,996
Sewer System	<u>539,438</u>	<u>43,155</u>	<u> </u>	<u>582,593</u>
Total	<u>545,794</u>	<u>43,795</u>	<u>-</u>	<u>589,589</u>
Net Capital Assets Being Depreciated	<u>1,647,403</u>	<u> </u>	<u>43,795</u>	<u>1,603,608</u>
Business-Type Activities Capital Total				
Capital Assets-Net of Depreciation	<u>\$1,727,403</u>	<u>\$ -</u>	<u>\$43,795</u>	<u>\$1,683,608</u>

Depreciation expense was charged to programs of the primary government as follows:

Governmental Activities	
General Government	\$ 463
Public Safety	857
Public Works	<u>3,315</u>
Total Governmental Activities	<u>\$ 4,635</u>
Business-Type Activities	
Sewer	<u>\$43,795</u>
Total Business-Type Activities	<u>\$43,795</u>

VILLAGE OF BARRYTON
NOTES TO FINANCIAL STATEMENTS

NOTE G--INTERFUND RECEIVABLES/PAYABLES AND TRANSFERS

The amounts of the interfund receivables and payables for the village are as follows:

<u>Fund</u>	<u>Interfund Receivable</u>	<u>Fund</u>	<u>Interfund Payable</u>
General	\$4,388	Major Street	\$ 1,299
		Local Street	1,223
		Sewer	1,368
		Solid Waste	498
	<u> </u>		<u> </u>
Total	<u>\$4,388</u>		<u>\$4,388</u>

The 2007 operating transfers can be summarized as follows:

	<u>Transfers In</u>	<u>Transfers (Out)</u>
Major Street Fund		\$ 9,621
Local Street Fund	<u>\$ 9,621</u>	<u> </u>
Total	<u>\$ 9,621</u>	<u>\$ 9,621</u>

NOTE H--LONG-TERM DEBT

The Sewer Fund's long-term debt of the village and the changes therein may be summarized as follows:

	<u>Balance 03/01/06</u>	<u>Additions (Reductions)</u>	<u>Balance 02/28/07</u>	<u>Due Within One Year</u>
Revenue Bonds--1992	<u>\$752,000</u>	<u>\$(45,000)</u>	<u>\$707,000</u>	<u>\$15,000</u>
Total	<u>\$752,000</u>	<u>\$(45,000)</u>	<u>\$707,000</u>	<u>\$15,000</u>

VILLAGE OF BARRYTON

NOTES TO FINANCIAL STATEMENTS

NOTE H--LONG-TERM DEBT (Continued)

Sewer Disposal System Revenue Bonds--1992

The Sewer Disposal System Revenue Bond was issued January 22, 1992 in the amount of \$882,000 at an interest rate of 5%. Interest payments are due on February 1 and August 1 of each year through 2032. Principal payments are due on February 1 of each year maturing in 2032. In May of 2006, the village made an additional principal payment of \$30,000 on the loan. The annual principal and interest requirements are as follows:

<u>Year Ending February 28</u>	<u>Revenue Bonds--1992 Principal--February 1</u>	<u>Interest</u>		<u>Annual Total</u>
		<u>February 1</u>	<u>August 1</u>	
2007	\$ 15,000	\$ 18,425	\$ 18,425	\$ 51,850
2008	16,000	18,050	18,050	52,100
2009	17,000	17,650	17,650	52,300
2008	18,000	17,225	17,225	52,450
2009	19,000	16,775	16,775	52,550
2010-2014	109,000	76,325	76,325	261,650
2015-2019	139,000	61,300	61,300	261,600
2020-2024	177,000	42,075	42,075	261,150
2025-2029	<u>197,000</u>	<u>13,900</u>	<u>13,900</u>	<u>224,800</u>
Total	<u><u>\$707,000</u></u>	<u><u>\$281,725</u></u>	<u><u>\$281,725</u></u>	<u><u>\$1,270,450</u></u>

NOTE I--RISK MANAGEMENT

The village is exposed to various risks of loss related to property loss, torts, errors and omissions, employee injuries, and natural disasters. The village participates in the Michigan Township Participating Plan (Plan). The plan covers general liability, nonowned/hired automobile liability, errors and omissions, property damage, and inland marine. The village has commercial insurance for workers' compensation. Settled claims for the insurance policies have not exceeded the amount of insurance coverage in any of the past three fiscal years.

The Plan was created pursuant to the authority of: a) Article 7, section 28, Michigan Constitution of 1963; b) Section 1, Chapter 124, Michigan Compiled Laws (PA 35 of 1951, as amended by PA 138 of 1982). The Plan operates as an insurance purchasing pool for local units of government in Michigan and purchases commercial insurance on behalf of its members at a lower cost than would be available on an individual basis.

VILLAGE OF BARRYTON
NOTES TO FINANCIAL STATEMENTS

NOTE J--SEGMENT INFORMATION

The village maintains two enterprise funds that provide sewer and solid waste services. Segment information for the year ended February 28, 2007, was as follows:

<u>Condensed Statement of Net Assets</u>	<u>Sewer</u>	<u>Solid Waste</u>
Assets		
Current Assets	\$ 221,328	\$ 10,382
Restricted Assets	53,500	
Capital Assets	<u>1,683,608</u>	<u> </u>
Total Assets	<u>1,958,436</u>	<u>10,382</u>
Liabilities		
Current Liabilities	4,359	1,473
Due to Other Funds	1,368	498
Current Liabilities Payable From Restricted Assets	15,000	
Noncurrent Liabilities	<u>692,000</u>	<u> </u>
Total Liabilities	<u>712,727</u>	<u>1,971</u>
Net Assets		
Invested in Capital Assets	976,608	
Restricted	53,500	
Unrestricted	<u>215,601</u>	<u>8,411</u>
Total Net Assets	<u>\$ 1,245,709</u>	<u>\$ 8,411</u>

VILLAGE OF BARRYTON
NOTES TO FINANCIAL STATEMENTS

NOTE J--SEGMENT INFORMATION (Continued)

<u>Condensed Statement of Revenue, Expenses and Changes in Net Assets</u>	<u>Sewer</u>	<u>Solid Waste</u>
Charges for Services	\$ 102,219	\$ 18,960
Depreciation Expense	(43,795)	
Other Operating Expenses	<u>(54,069)</u>	<u>(21,903)</u>
Operating Income	4,355	(2,943)
Nonoperating Revenue (Expense)		
Investment Earnings	9,972	118
Interest Expense	<u>(36,517)</u>	
Changes in Net Assets	(22,190)	(2,825)
Beginning Net Assets	<u>1,267,899</u>	<u>11,236</u>
Ending Net Assets	<u><u>\$1,245,709</u></u>	<u><u>\$ 8,411</u></u>
<u>Condensed Statement of Cash Flows</u>		
Net Cash Provided by (Used in)		
Operating Activities	\$ 52,387	\$ (2,360)
Noncapital Financing Activities	257	98
Capital and Related Financing Activities	(81,517)	
Investing Activities	<u>9,936</u>	<u>118</u>
Net Increase (Decrease)	(18,937)	(2,144)
Beginning Cash and Cash Equivalents	<u>278,172</u>	<u>8,477</u>
Ending Cash and Cash Equivalents	<u><u>\$ 259,235</u></u>	<u><u>\$ 6,333</u></u>

VILLAGE OF BARRYTON--MECOSTA COUNTY
REQUIRED SUPPLEMENTAL INFORMATION
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
For the Year Ended February 28, 2007

EXHIBIT H

	<u>BUDGETED AMOUNTS</u>			Variance With Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues				
Taxes and Penalties	\$ 47,975	\$ 47,975	\$ 50,168	\$ 2,193
Licenses and Permits	100	100	55	(45)
State Grants	37,197	37,197	36,528	(669)
Fines and Forfeits	-	2,484	2,429	(55)
Interest and Rentals	11,310	11,310	9,801	(1,509)
Other Revenue	-	-	2,114	2,114
Total Revenues	96,582	99,066	101,095	2,029
Expenditures				
Current				
General Government	67,057	66,248	58,596	7,652
Public Safety	15,035	17,520	17,009	511
Public Works	12,500	12,500	8,599	3,901
Community and Economic Development	1,157	940	807	133
Recreation and Cultural	7,355	8,430	6,906	1,524
Other	9,000	8,950	8,754	196
Total Expenditures	112,104	114,588	100,671	13,917
Excess of Revenues Over (Under) Expenditures	(15,522)	(15,522)	424	15,946
Fund Balance--March 1, 2006	15,522	15,522	57,959	42,437
Fund Balance--February 28, 2007	\$ -	\$ -	\$ 58,383	\$ 58,383

VILLAGE OF BARRYTON--MECOSTA COUNTY
REQUIRED SUPPLEMENTAL INFORMATION
BUDGETARY COMPARISON SCHEDULE
MAJOR STREET--MAJOR SPECIAL REVENUE FUND
For the Year Ended February 28, 2007

EXHIBIT I

	<u>BUDGETED AMOUNTS</u>			Variance With Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues				
State Grants	\$ 18,090	\$ 18,090	\$ 19,242	\$ 1,152
Interest and Rentals	500	500	884	384
Total Revenues	18,590	18,590	20,126	1,536
Expenditures				
Public Works				
Maintenance	6,503	9,288	6,135	3,153
Traffic	500	500	58	442
Winter Maintenance	3,100	3,100	2,862	238
Engineering and Recordkeeping	531	746	746	-
Total Expenditures	10,634	13,634	9,801	3,833
Excess of Revenues Over (Under) Expenditures	7,956	4,956	10,325	5,369
Other Financing Sources (Uses)				
Interfund Transfers (Out)	(4,600)	(9,621)	(9,621)	-
Total Other Financing Sources (Uses)	(4,600)	(9,621)	(9,621)	-
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	3,356	(4,665)	704	5,369
Fund Balance--March 1, 2006	-	5,021	20,573	15,552
Fund Balance--February 28, 2007	\$ 3,356	\$ 356	\$ 21,277	\$ 20,921

VILLAGE OF BARRYTON--MECOSTA COUNTY
REQUIRED SUPPLEMENTAL INFORMATION
BUDGETARY COMPARISON SCHEDULE
LOCAL STREET--MAJOR SPECIAL REVENUE FUND
For the Year Ended February 28, 2007

EXHIBIT J

	<u>BUDGETED AMOUNTS</u>			Variance With Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues				
State Grants	\$ 8,690	\$ 8,690	\$ 9,682	\$ 992
Interest and Rentals	250	250	457	207
Total Revenues	8,940	8,940	10,139	1,199
Expenditures				
Public Works				
Maintenance	11,180	12,093	6,706	5,387
Traffic	800	800	102	698
Winter Maintenance	200	200	33	167
Engineering and Recordkeeping	316	913	720	193
Total Expenditures	12,496	14,006	7,561	6,445
Excess of Revenues Over (Under) Expenditures	(3,556)	(5,066)	2,578	7,644
Other Financing Sources (Uses)				
Interfund Transfers In	4,600	9,621	9,621	-
Total Other Financing Sources (Uses)	4,600	9,621	9,621	-
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	1,044	4,555	12,199	7,644
Fund Balance--March 1, 2006	-	-	7,056	7,056
Fund Balance--February 28, 2007	\$ 1,044	\$ 4,555	\$ 19,255	\$ 14,700

**VILLAGE OF BARRYTON--MECOSTA COUNTY
REQUIRED SUPPLEMENTAL INFORMATION
BUDGETARY COMPARISON SCHEDULE
HOUSING--MAJOR SPECIAL REVENUE FUND
For the Year Ended February 28, 2007**

EXHIBIT K

	<u>BUDGETED AMOUNTS</u>			Variance With Final Budget Positive (Negative)
	Original	Final	Actual	
Total Revenues	\$ -	\$ -	\$ -	\$ -
Total Expenditures	-	-	-	-
Excess of Revenues Over (Under) Expenditures	-	-	-	-
Fund Balance--March 1, 2006	17,047	17,047	17,047	-
Fund Balance--February 28, 2007	<u>\$ 17,047</u>	<u>\$ 17,047</u>	<u>\$ 17,047</u>	<u>\$ -</u>

VILLAGE OF BARRYTON--MECOSTA COUNTY
STATEMENT OF REVENUES--BUDGET AND ACTUAL
GENERAL FUND
For the Year Ended February 28, 2007

EXHIBIT L

	BUDGETED AMOUNTS			Variance With Final Budget Positive (Negative)
	Original	Final	Actual	
Taxes and Penalties				
Property Taxes	\$ 47,500	\$ 47,500	\$ 49,673	\$ 2,173
Administration Fees	475	475	495	20
Total Taxes and Penalties	47,975	47,975	50,168	2,193
Licenses and Permits				
Zoning Permits	100	100	55	(45)
Total Licenses and Permits	100	100	55	(45)
State Grants				
Revenue Sharing	35,997	35,997	35,199	(798)
Metro Act	1,200	1,200	1,329	129
Total State Grants	37,197	37,197	36,528	(669)
Fines and Forfeitures				
Ordinance Fines	-	2,484	2,429	(55)
Total Fines and Forfeitures	-	2,484	2,429	(55)
Interest and Rents				
Interest	1,200	1,200	2,317	1,117
Rentals	10,110	10,110	7,484	(2,626)
Total Interest and Rents	11,310	11,310	9,801	(1,509)
Other Revenues				
Miscellaneous	-	-	2,114	2,114
Total Other Revenues	-	-	2,114	2,114
Total Revenue	\$ 96,582	\$ 99,066	\$ 101,095	\$ 2,029

VILLAGE OF BARRYTON--MECOSTA COUNTY
STATEMENT OF EXPENDITURES AND OTHER USES--BY ACTIVITY
BUDGET AND ACTUAL--GENERAL FUND
For the Year Ended February 28, 2007

EXHIBIT M

	BUDGETED AMOUNTS			Variance With Final Budget Positive (Negative)
	Original	Final	Actual	
General Government				
Village Council	\$ 11,829	\$ 11,813	\$ 11,343	\$ 470
President	2,110	2,093	2,089	4
Elections	1,000	580	-	580
Clerk	6,225	5,275	4,848	427
Treasurer	4,485	4,483	3,877	606
Building and Grounds	30,908	32,104	29,918	2,186
Equipment Repair and Maintenance	10,500	9,900	6,521	3,379
Total General Government	67,057	66,248	58,596	7,652
Public Safety				
Police Department	14,735	17,220	17,009	211
Dry Hydrant	300	300	-	300
Total Public Safety	15,035	17,520	17,009	511
Public Works				
Sidewalk Repairs	500	500	66	434
Highway, Streets, Bridges (Not Act 51)	3,000	3,000	10	2,990
Street Lighting	9,000	9,000	8,523	477
Total Public Works	12,500	12,500	8,599	3,901
Community and Economic Development				
Planning and Zoning	1,157	940	807	133
Total Community and Economic Development	1,157	940	807	133
Recreational and Cultural				
Park Maintenance	4,005	5,080	4,136	944
Community Promotion	3,350	3,350	2,770	580
Total Recreational and Cultural	7,355	8,430	6,906	1,524
Other				
Insurance and Bonds	9,000	8,950	8,754	196
Total Other	9,000	8,950	8,754	196
Total Expenditures	\$ 112,104	\$ 114,588	\$ 100,671	\$ 13,917



JENNIFER M. GRANHOLM
GOVERNOR

STATE OF MICHIGAN
DEPARTMENT OF TREASURY
LANSING

ROBERT J. KLEINE
STATE TREASURER

July 26, 2007

Village Council
Village of Barryton
94 Angel Street
P.O. Box 31
Barryton, Michigan 49305-0031

RE: Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance With Government Auditing Standards

Dear Council Members:

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Village of Barryton, Mecosta County, Michigan, as of and for the year ended February 28, 2007, which collectively comprise the Village of Barryton's basic financial statements and have issued our report thereon dated July 26, 2007. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Village of Barryton's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Village of Barryton's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Village of Barryton's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Village of Barryton's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the village's financial statements that is more than inconsequential will not be prevented or detected by the village's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the village's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Village of Barryton's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed two instances of noncompliance that is required to be reported under Government Auditing Standards and which is described in the accompanying Schedule of Findings as items 2007-01 and 2007-2.

This report is intended solely for the information of the Village of Barryton's Village Council and Federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record and its distribution is not limited.



Cary Jay Vaughn, CPA, CGFM
Audit Manager
Local Audit and Finance Division

VILLAGE OF BARRYTON

SCHEDULE OF FINDINGS

STATUTORY NONCOMPLIANCE

Social Security Number Privacy Policy

Finding 2007-1

Condition: The Village of Barryton has not adopted a Social Security Number Privacy Policy.

Criteria: According to the Social Security Privacy Act, PA 454 of 2004, MCL 455.84, Section 4, subsection 1, beginning January 1, 2006, a person in the ordinary course of business who obtains or retains information about one or more social security numbers must create a policy that does at least all of the following:

- (a) Ensures to the extent practicable the confidentiality of the social security numbers.
- (b) Prohibits unlawful disclosure of the social security numbers.
- (c) Limits who has access to information or documents that contain the social security numbers.
- (d) Describes how to properly dispose of documents that contain the social security numbers.
- (e) Establishes penalties for violation of the privacy policy.

Section 4, subsection 2, requires a person that creates a privacy policy under subsection 1 shall publish the privacy policy in an employee handbook, in a procedures manual, or in one or more similar documents, which may be made available electronically.

Directive: We direct the Village of Barryton to adopt a Social Security Number Privacy Policy implementing at least the minimum protections and procedures listed above.

Nonmotorized Transportation

Finding 2007-2

Condition: The Village of Barryton has only spent \$1,330 on nonmotorized expenditures in the past ten years. Based on MCL 247.660k, at least \$2,892 should have been spent.

Criteria: According to MCL 247.660k, a reasonable amount, but not less than 1% of the funds from the Michigan Transportation Fund is to be expended on nonmotorized transportation services and facilities (an improvement in a road, street, or highway which facilities nonmotorized transportation by the paving of unpaved road surfaces and shoulders, widening of lanes, or any other appropriate measures) per year?

Failure to comply with this statute could lead to the withholding of Michigan Transportation Funds.

Directive: We direct the village to contact the Michigan Department of Transportation to formulate a corrective plan to spend the remaining amount due on nonmotorized transportation and to monitor these expenses more closely in the future.